

In the name of Allah (God), Most Gracious Most Merciful

# ISLAMIC MUTUAL FUNDS A MYTH OR REALITY?

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# PREAMBLE

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THE VERY FUNDAMENTAL CONCEPT FOR MUSLIMS TO UNDERSTAND AND ACCEPT IS THE FACT, AS REVEALED BY ALLAH, OUR CREATOR AND SUSTAINER, IN THE HOLY QURAN: "AND IT IS FOR ALLAH WHATEVER IN THE HEAVENS AND WHATEVER IN THE EARTH."

# IN OTHER WORDS, WE THE HUMAN BEINGS;

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- DO NOT REALLY OWN ANY THING IN THIS WORLD,
- ARE JUST A TRUSTEE, AND,
- WILL HAVE TO ACCOUNT FOR ANY AND ALL BREACHES OF THIS TRUST,
- ABUSE, MISUSE AND INJUSTICES

MISCONCEPTIONS AMONG MUSLIMS  
PARTICULARLY, AND AMONG NON  
MUSLIMS, AS WELL !

INTEREST FREE BANKING  
AND FINANCING MEANS;  
'CONVENTIONAL BANKING  
AND FINANCING;  
DELETE THE WORD  
"INTEREST", ADD THE  
WORD "PROFIT"!

# WILLINGNESS TO SHARE THE CONSEQUENCES

SHARING OF GAINS,  
AS WELL AS,  
LOSSES IN SOME  
PRE DETERMINED RATIO

SHARIAH (ISLAMIC LAW) REQUIRES  
FROM A MUSLIM THAT HE/SHE  
MUST:

- **HAVE HONESTY AND INTEGRITY;**
- **EXPECT BLESSINGS AND REWARDS FROM THE CREATOR, IN ADDITION TO, MONETARY PROFIT;**
- **BE TRUTHFUL ... NO DECEPTIONS;**
- **BE CONSCIOUSNESS OF SOCIAL AND ENVIRONMENTAL BENEFITS RATHER THAN JUST MONETARY BENEFITS;**



ISLAMIC  
MUTUAL FUNDS  
A MYTH OR REALITY?

# THERE IS NO SUCH THING CALLED ISLAMIC MUTUAL FUNDS

What we have available to us now  
can be described as

*Islamically Acceptable Mutual Funds!*

# WHY NOT ISLAMIC?

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- 1. Element of Interest in the Income
- 2. Interest bearing Debt Capital  
(Bonds, Debentures and Bank Loans  
in other words,  
Companies Pay Interest)
- 3. Companies are not governed by the  
Sharia Laws

# SHARIA SCHOLARS LAID DOWN TRANSITION RULES

- 1. Interest income not to be more than 9% of the Gross Income
- 2. Interest bearing capital not to be more than 30% of the total capital

# MANY PROMOTORS OF THESE MUTUAL FUNDS ARE:

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- Advertising as Islamic Mutual Funds;
- Totally Ignoring the Transitional nature of the current Sharia Approval;
- Not working toward a Permanent Solution (No Plans for beyond the Transitional Period)

# PROBLEMS IN MONITORING

- Debt and Equity Ratio changes very frequently in large or active companies
- The Ratio of Interest Income and Income from other Halal sources also change based on the Investment Needs and Policies of the Company
- A company is acceptable today may not be acceptable next day or week

IF PRESENT SITUATION NOT  
ACCEPTABLE THEN WHAT?

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What are the Alternatives?

What is the Action Plan?

# SUGGESTED SOLUTIONS

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- 1. Form our own Publicly Traded Companies
- 2. Phase in the shares of these companies in the current portfolio of these Mutual Funds
- 3. Phase out the shares of current companies


# OTHER BENEFITS

- Manage our Companies within the Sharia Rules and Guidelines
- Control and Management in our hands
- Become Decisions Makers not just Decisions Implementers
- Create Employment Opportunities for our youth/sisters
- Invest in Community oriented businesses and Projects for the benefit of the Humanity

PLEASE VISIT OUR WEB SITE

The Financial Link  
to the Community

<http://www.ansarhousing.com>



*“Attitude, not aptitude,  
determines altitude.”*

— Jesse Jackson

POWER  
QUOTES

**THANK YOU AND  
MAY ALLAH (GOD)  
BLESS YOU!**

**THANK YOU  
FOR YOUR  
PATIENCE!**